

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY RURAL)
ELECTRIC COOPERATIVE CORPORATION) CASE NO.
FOR AN ADJUSTMENT OF RATES) 2012-00030

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
TO BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION

Pursuant to 807 KAR 5:001, Big Sandy Rural Electric Cooperative Corporation ("Big Sandy") is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before July 19, 2012. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Big Sandy shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

Big Sandy fails or refuses to furnish all or part of the requested information, Big Sandy shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to Original Sheet 1 in the tariffs in Exhibit B of the Application. Under the Rates section for the months October to April, the Off-Peak Hours (EST) listed in the second part are stated as 10:00 PM to 7:00 PM.

a. Explain whether the schedule of Off-Peak Hours applies during both weekdays and weekends.

b. Confirm that the Off-Peak Hours should be from 10:00 PM to 7:00 AM (EST) and, if so, provide the corrected tariff.

2. Big Sandy's current tariffs for its Miscellaneous Service Charges became effective October 1, 2005. Explain whether Big Sandy considered adjusting those charges in the current rate case.

3. Provide the total number of Farm and Home customers that Big Sandy expects will experience an increase in bills due to its proposed changes in its rate design, irrespective of any increase in revenue requirement. If exact numbers are unavailable, educated estimates will suffice.

4. Provide the highest usage for a Farm and Home customer during Big Sandy's most recent billing period, and show in comparative form what the bill would be at that same usage level for each of the three levels of proposed rates.

5. Provide the lowest usage for a Farm and Home customer during Big Sandy's most recent billing period, and show in comparative form what the bill would be at that same usage level for each of the three levels of proposed rates.

6. Refer to Exhibit N of the Application. Explain why Big Sandy changed independent auditors for calendar year 2011.

7. Refer to Exhibit R of the Application, page 29 of 33. Given that the rates of return shown on this schedule for rate classes LP and LPR are significantly higher than the system rate of return, explain why Big Sandy is proposing increases for these two classes.

8. Refer to Exhibit 14 of the Application. Identify the cable television companies with attachments to Big Sandy's poles and the number of each type of attachment for each cable company.

9. Refer to Big Sandy's response to Commission Staff's Second Request for Information ("Staff's Second Request"), Items 2(a), (b), and (c). Pursuant to the mortgage agreement with the Rural Utilities Service ("RUS"), does RUS apply a TIER ratio that excludes capital credits from Big Sandy's wholesale supplier, East Kentucky Power Cooperative, Inc. ("EKPC"), in determining whether Big Sandy has satisfied the covenant relating to a minimum TIER level? If no, explain why Big Sandy provided TIER levels that excluded EKPC capital credits.

10. Refer to Big Sandy's response to Staff's Second Request, Item 2(d), in which Big Sandy states that it needs to be proactive in meeting RUS mortgage requirements. Identify any steps or processes implemented by Big Sandy to improve operational efficiency and/or reduce costs.

11. Refer to Item 3 of Staff's Second Request for Information concerning the revised "notice filed on May 3, 2012." Pursuant to 807 KAR 5:001, Section 10(4)(d), provide the affidavit from the publisher(s) verifying the revised notice was published, including the dates of the publication, with an attached copy of the published revised notice.

12. Refer to the response to Item 4.d.(6) of Staff's Second Request. Provide the number of customers billed in each usage block shown during Big Sandy's most recent billing month.

13. Refer to Item 4.d.(10) of Staff's Second Request. The answer to the question was not responsive. Provide the percentage of energy savings (in kWhs) from demand-side management programs to total retail sales (in kWhs) for calendar years 2010 and 2011.

14. Refer to Big Sandy's response to Staff's Second Request, Item 6. Big Sandy responded that it does not offer Time-of-Day ("TOD") rates, but would consider it in the future if the need arises.

a. Explain whether Big Sandy considered offering TOD rates in this proceeding.

b. Explain whether Big Sandy agrees that TOD rates can be an effective way for a customer to control usage during peak hours and, by doing so, lower the customer's bill.

c. If the rate design changes requested by Big Sandy are approved by the Commission, explain whether Big Sandy would commit to examine and request approval of cost-effective TOD rates. If so, when would Big Sandy do so?

15. Refer to Big Sandy's response to Staff's Second Request, Item 8. Given that the increase in rates is greater for customers with lower consumption, explain whether Big Sandy considered a voluntary inclining energy charge block rate with a lower customer charge as an alternative for those customers.

16. Refer to the response to Item 16 of Staff's Second Request. The response states that Transformers Demand was allocated based on "the sum of the individual consumers [sic] monthly demands by rate class." Explain how the sum of demands is calculated for the Farm and Home class since customers in this class do not have demand meters.

17. Refer to the table provided in response to Item 17 of Staff's Second Request.

a. For all classes except the YL-1 class, the customer count for Lines, Transformers and Services are at or near the same number. For the YL-1 class, the customer count is as follows: Lines - 32, Transformers - 81, and Services - 7,248. Explain the relationship between Transformers and Services for the YL-1 class.

b. Provide the maximum number of lights that are served by a single transformer and the maximum that can be served by a single transformer.

18. Refer to the response to Item 19.b. of Staff's Second Request. Provide revised tariffs reflecting the corrections identified in the response.

19. Refer to the response to Item 21 of Staff's Second Request.

a. Refer to the response to Item 21.a. Provide an explanation of what comprises the nonrecurring charges listed in Account 451 and why they are nonrecurring.

b. Refer to the response to Items 21.e.(2) and f. Explain the basis and timing of the adjustments to the credits for the FEMA reimbursements related to the January 2009 ice storm.

20. Refer to Item 22 of Staff's Second Request and Exhibit 1 of the Application. Provide an updated Exhibit 1 reflecting the corrections to the payroll adjustment identified in Item 22.

21. Refer to Item 24 of Staff's Second Request. Provide an updated Exhibit 4 reflecting the 2011 property tax expenses for all taxing districts and total property tax.

22. Refer to Item 29 of Staff's Second Request. The percentage increase for the CATV Pole Attachments appears to be calculated incorrectly; for example, the \$1,742 increase of a two-party pole attachment divided by the proposed revenue to derive an increase of 21 percent instead of dividing by the existing revenue to derive an increase of 26 percent. Confirm the percentage increase for the two-party pole attachments is 26 percent, the two-party anchor attachments is 17 percent, the two-party ground attachments is 11 percent, the three-party pole attachments is 25 percent, the three-party anchor attachments is 17 percent, the three-party ground attachments is 13 percent, and the total increase is 25 percent.

23. Refer to Big Sandy's response to the Attorney General's ("AG") Initial Request, Item 4. Big Sandy's response indicates that EKPC has stated that it will look into the effect of the purchased power payments on Big Sandy's financial condition.

a. Given that it is possible that other cooperatives have experienced the same problem, explain to what extent Big Sandy has discussed the purchase power payments with any other cooperatives. If no discussions have taken place, explain why Big Sandy believes an internal solution with EKPC is not an option.

b. Explain whether Big Sandy is aware of any reason EKPC could not address this problem without an additional rider and outside of the fuel adjustment clause.

24. Refer to the response to Item 10 of the AG's Initial Requests. Provide the amount of interest paid by Big Sandy, if any, during the test year on the obligation for the EKPC subsidiary.

25. Refer to the response to Item 11 of the AG's Initial Requests. Provide the location where the \$1,000,000 loan is listed in Big Sandy's outstanding long-term debt as of August 31, 2011.

26. Refer to Big Sandy's response to the AG's Initial Request, Item 15, Attachment, page 8 of 8. In the "New Business" section, a statement is made concerning a "new Operations Center, which Big Sandy is in dire need of, with hopes to be completed sometime in the Fall of 2012." Provide the details of the new Operations Center, including the cost of the project, the size and scope of the new center, the location, the need for the center, and the status of the construction project.



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cc: Parties of Record

Case No. 2012-00030

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